ENERGY WISE

MAKES BUSINESS SENSE

Plant Retrofit Program

MAJOR CUSTOMERS

PARTICIPANT'S GUIDE

September 2008

This document is a translation, provided for information purposes only.
In all cases, the original French version shall prevail.

Hydro Québec

Fostering a Culture of Energy

An energy efficiency culture affects all aspects of corporate life. Supported by an overall vision, it means more than just simply improving equipment or process efficiency. It means creating an environment in which new ways of working quickly become habit throughout the organization.

Ensuring success

A few conditions are essential to foster a culture of energy efficiency:

- The support of senior management and employees at all levels
- A vision – a results-driven, all-encompassing approach to energy efficiency
- A policy, program and action plan that cover all aspects of energy efficiency

For an energy efficiency culture to become firmly rooted, an energy committee is just as crucial as team support. In addition to measurement instruments installed in the appropriate places, a scorecard and performance indicators are needed to track change. Announcing results and rewarding good work also have a great effect on employees' participation and team spirit.

Hydro-Québec offers a number of services, including considerable financial assistance, to help its major customers make energy efficiency part of their corporate culture.

Financial Assistance Programs

With a view to achieving the energy savings target set out in its Energy Efficiency Plan, Hydro-Québec has developed three programs for major industrial customers.

1. **ENERGY WISE Industrial Initiatives Program – Major Customers**

   Financial assistance is offered for projects designed to reduce specific electricity consumption.

2. **ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers** (with two components)
   - **Energy analysis** – Financial assistance is offered for an analysis covering all forms of energy used at an industrial site or for a continuous measurement project.
   - **Demonstration of a new technology** – Financial assistance is offered for the demonstration of electricity savings realized through first-time implementation of a new, high-efficiency technology in an industry in Québec.

3. **ENERGY WISE Plant Retrofit Program – Major Customers**

   Financial assistance is offered for extensive retrofit projects that considerably reduce the overall electricity consumption of one or more plants owned by the same customer.

This guide is intended for customers interested in taking part in the ENERGY WISE Plant Retrofit Program – Major Customers. There are several ways to obtain information on the other two programs:

- Contact your commercial officer
- E-mail us at **programmes.ge@hydro.qc.ca**
- Visit **www.hydroquebec.com/majorcustomers/ee**
- Call **1 866 373-6306**

Notice

Under the terms of plant retrofit agreements signed with customers, Hydro-Québec reserves the right to

- amend or terminate the Program at any time without notice;
- interpret Program terms and conditions;
- reject any proposal submitted by a customer or request changes to a proposal.

Hydro-Québec's sole obligation shall be to pay out the financial assistance provided for in an agreement reached with you. It is up to you to assume full responsibility for implementing any plant retrofit project.

This *Participant's Guide* includes many changes made to the program since the September 2007 version (see Contents). Some conditions and requirements have been changed:

- Withdrawal of the condition of minimum energy savings of 50 GWh per year
- For projects with anticipated financial assistance under $15 million, reduction of the measurement period from five years to two or three years, depending on the contractual financial assistance (see Section 7)
- Possibility of carrying out independent projects that raise overall consumption of the service contract during the period covered by the Program if you notify Hydro-Québec and come to an arrangement with respect to a measurement plan (see Section 5)
- Simplification of the financial analysis for projects with anticipated financial assistance of $5 million or under (see Appendix IV – Project Business Plan)

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Program description

Hydro-Québec's Plant Retrofit Program – Major Customers offers financial assistance to large-power customers for projects designed to considerably reduce the overall electricity consumption of one or more of their service contracts.

Companies regularly plan strategic projects to improve their competitive position, reduce the environmental impact of their activities, and so on. Yet given the size of the investment required, few are actually carried out.

The goal of the financial assistance is therefore to encourage senior management to select retrofit projects that will result in considerable electricity savings compared with other strategic projects.

The Program does not prescribe any specific technologies to cut overall electricity consumption. Rather, it provides a framework for the implementation of energy management initiatives proposed by customers.

To qualify for financial assistance, you must demonstrate electricity savings by measuring your consumption before and after the project is implemented.

Since the financial assistance budget is limited, available funds will be allocated to eligible projects on a first-come, first-served basis.

Participation in the Program

If you wish to obtain financial assistance to carry out a plant retrofit project, you must inform Hydro-Québec of your intention to take part in the Program. A sample letter of intent is provided in Appendix V. You will be asked to present your project at a preliminary meeting. You must then fill in the enclosed proposal form [*Formulaire de proposition de projet*] and submit it to Hydro-Québec along with the supporting documents required, and sign an agreement substantially similar to the standard agreement provided in Appendix VII.

Under our corporate directive on the *Charter of the French Language*, **you must fill out the French version of the form**. You can download the official French form, along with a courtesy translation, from **www.hydroquebec.com/majorcustomers/ee**.

Hydro-Québec will not pay out any financial assistance until the agreement has been signed.

1 Definitions

The following definitions are specific to the Plant Retrofit Program – Major Customers.

Actual production volume

Production volume measured during the project.

Agreement

Contract between Hydro-Québec and an eligible customer, substantially similar to the example given in Appendix VII.

Amount 1

Amount calculated on the basis of the financial assistance criteria at the time of the first installment and as specified in the agreement.

Amount 2

Amount calculated on the basis of the financial assistance criteria, adjusted based on the production volume measured in the first year of regular production and modified based on the annual service contract electricity savings measured in the first year of regular production and revised, if necessary, so that total financial assistance does not exceed 50% of total project costs.

Amount 3

Amount calculated on the basis of the financial assistance criteria, adjusted based on the mean production volume measured over the full measurement period and modified based on the mean annual service contract electricity savings measured during that period, and revised, if necessary, so that total financial assistance does not exceed 50% of total project costs.

Baseline production volume

Mean production volume related to the project for the three years preceding the project. Does not apply in the case of an electricity generation or cogeneration project.

Independent project

Two projects are independent when they do not take place within the same perimeter and they can be optimally implemented and run independently of one another.

Plant retrofit project

Project proposed or carried out under the Plant Retrofit Program ("the Program").

Production parameters

Measurable factors affecting how much electricity a process requires, including such things as product variations, use of production capacity and seasonal factors.

Project electricity cost savings

Annual cost of electricity saved by the project.

Project electricity savings

Difference between measured electricity consumption before and after project implementation, less any additional energy consumption in the form of fossil fuels and other forms of energy, in kilowatthour equivalent.

Project perimeter

Aspects of the production line, shop or plant affected by the retrofit project and for which production and consumption can be isolated and measured.

Regular production

Production that reaches a volume and quality acceptable to the customer.

Service contract electricity savings

Difference between measured electricity consumption before and after project implementation, calculated from the electricity bill for the service contract(s) affected by the project.

2 Eligibility

2.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and operates one or more industrial sites.

The industrial site must use electricity to manufacture, assemble or process goods or food-stuffs, extract raw materials, or handle or transport materials.

2.2 Eligible projects

An eligible project must lead to a reduction in overall electricity consumption for 10 years. Project proposals must involve one of the following:

- Replacing one or more production lines with other lines that use less electricity
- Upgrading one or more plants, including processes and auxiliary systems
- Generating electricity for the plant's own use from plant waste or residue that does not result in an increase in greenhouse gas emissions as defined by laws, regulations and standards that apply in Québec
- Cogenerating electricity for the plant's own use that does not result in an increase in greenhouse gas emissions and meets a minimum degree of efficiency as defined by laws, regulations and standards that apply in Québec

A project is eligible for financial assistance if its payback period is greater than three years. An eligible project must be demonstrably viable, both financially and commercially.

2.3 Ineligible projects

The following projects are not eligible:

- Building new plants
- Adding production lines
- Replacing electricity with fossil fuels
- Generating or cogenerating electricity for sale
- Generating electricity from waste or residue from sources other than the plant
- Generation or cogeneration of electricity that results in an increase in greenhouse gas emissions as defined by laws, regulations and standards that apply in Québec

- Projects that result in plant closures or layoffs
- Achieving compliance with Québec, Canadian or generally recognized laws, regulations or standards
- Projects that may have a negative impact on health, safety or the environment
- Projects involving equipment that does not meet prescribed industry or generally recognized energy efficiency standards

3 Other Projects Carried Out During Plant Retrofit Project Period

Only customers with contract power under 175,000 kW may carry out other retrofit projects that may raise overall service contract consumption during implementation and the measurement and monitoring period of a plant retrofit project. Power demand after project completion must not exceed 175,000 kW, however.

Hydro-Québec must be notified in writing of any project completed during the contractual period and having an impact on the plant's overall consumption. You must spell out the impact of this project on consumption under the service contract(s) affected. Hydro-Québec will determine whether the project is independent of the plant retrofit project as defined in Section 2 and whether it will require a measurement plan.

The service contract electricity savings under the plant retrofit project will be adjusted according to the impact of the other independent project or projects accepted by Hydro-Québec. Unless Hydro-Québec is so notified, the reduction will be neither measured nor adjusted, and the financial assistance may thus be reduced when calculated as explained in Section 6.

4 Conditions and Commitments

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- reserves the right to have a project analyzed by third parties bound by confidentiality agreements in order to obtain opinions on its technical, economic and business aspects;
- reserves the right to make projects and payment of financial assistance subject to special conditions;
- reserves the right to refuse financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to pay out an installment when your electricity bills or any other accounts are owing;
- may also deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- may refuse to allow you to take part in the Program or refuse to pay out an installment if you have not demonstrated your solvency;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program;
- shall consult you prior to disseminating any information (other than that necessary to monitor the Program) that could adversely affect your competitive position.

You, the customer, shall

- demonstrate the technical, economic and commercial feasibility of your project with respect to Program requirements;
- ensure that project assets remain under the ownership of the large-power contract holder throughout the term of the agreement;
- be responsible for selecting the electricity management strategies or technologies, assessing the electricity savings objectives and costs, and for the electricity savings actually achieved;
- demonstrate that the electricity savings have been achieved by measuring consumption in accordance with Program requirements;
- implement the means required to measure electricity consumption and production to demonstrate electricity savings and the maintenance of baseline production, and submit the monitoring reports required by Hydro-Québec;

- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the project, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received in connection with the project;
- allow a Hydro-Québec representative to take part in project progress reviews, inspect equipment installation during regular business hours, and be present for equipment start-up and for measuring electricity before and after project implementation;
- make information concerning the project—including financial information, tax information, vouchers, technical and production data—available to Hydro-Québec or to anyone commissioned by Hydro-Québec from the time the project proposal has been submitted, throughout the term of the project, during the years of operation covered by the measurements and for three years after that;
- not lay off any employees as a result of the project or close any plants during the project;
- in the case of electricity generation and cogeneration, undertake to consume the kilowatthours generated during the 10-year period of project operation, failing which the project will no longer be eligible;
- allow Hydro-Québec and government or paragovernmental departments or agencies, whether federal, provincial or municipal, to exchange information about the project;
- agree to disclose the following information related to the project: your company name, project cost, amounts of financial assistance, electricity management measures and their field of application, as well as the electricity savings actually realized;
- comply with all the requirements set out in this *Participant's Guide*, including meeting the deadline for carrying out the project and measuring and supplying all deliverables, reports and information on time.

If you fail to fulfill these requirements, Hydro-Québec may terminate the agreement and demand repayment of any financial assistance you have already received.

5 Financial Assistance

Hydro-Québec will grant financial assistance for each retrofit project accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received and deemed eligible on a first-come, first-served basis.

If a project is later turned down, the financial assistance set aside will be cancelled.

5.1 Calculating financial assistance

The aim of the Program's financial assistance is to reduce the project payback period to three years. Nonetheless, financial assistance is limited to the lowest of the following amounts:

1. Amount needed to reduce the project's overall payback period to three years
2. 50% of eligible investment expenses for the project
3. 10¢ per kilowatthour of project electricity savings (yearly average), calculated for a full year of operation
4. $30 million per project

See Appendix I for a detailed explanation of how criteria 1 and 2 (payback period and eligible investment expenses) are calculated.

Adjustment of financial assistance at time of second and third installments

The financial assistance will be adjusted on the basis of the actual results listed below:

- Project electricity savings (kWh/year) and project electricity cost savings ($/year)
- Actual eligible investment costs, less investment subsidies received from sources other than Hydro-Québec

Eligible income and expenditures other than project electricity savings will not be adjusted according to actual data.

The revised amount of financial assistance will never be greater than the amount specified in the agreement, however.

Adjustment and modification of financial assistance

At the time of the second and third installments, the financial assistance will be adjusted and modified based on the actual production volume and service contract electricity savings achieved.

- Adjustment – If actual production volume is less than the baseline production volume, Hydro-Québec will reduce the financial assistance calculated above, pro rating it to these two figures.
- Modification – If service contract electricity savings are less than project electricity savings, Hydro-Québec will reduce the adjusted financial assistance, pro rating it to these two figures.

Limit on total financial assistance

Total financial assistance, including that from Hydro-Québec, shall not amount to more than 50% of total project costs.

Subsidies, investments in the form of share capital, loans or loan guarantees, and any other financial contribution by government or paragovernmental departments or agencies, whether federal, provincial or municipal, are considered to be financial assistance.

Any amounts you receive under the federal *Income Tax Act* and the Québec *Taxation Act* are not considered to be financial assistance for the purposes of this calculation.

Should your financial assistance from all sources add up to more than 50%, Hydro-Québec will reduce its grant so that the total financial assistance you receive does not exceed 50% of total project costs. The calculation will be revised at the time of each installment in light of actual project costs and actual financial assistance.

Maximum cumulative assistance per site or service contract

You may carry out several plant retrofits and receive maximum cumulative financial assistance of $30 million, subject to the following terms and conditions, provided that they are independent projects:

- One or more service contracts for the same site – $30 million per site
- Several sites under the same service contract – $30 million per service contract

Should a single project involve more than one plant, the project will be attributed to the site or service contract with the highest investment expenses.

See Appendix II for more details on how the first installment (Amount 1), second installment (Amount 2) and third installment (Amount 3) are calculated.

5.2 Financial assistance installments

The financial assistance will be paid out in three installments:

- The first installment, amounting to 30% of the financial assistance specified in the agreement, is to be paid out on the signing of the agreement, provided that on that date, the value of equipment purchase orders sent to suppliers is equal to the amount of the first installment.
- The second installment, estimated at 60% of the total financial assistance allocated, is to be paid out at the end of the first year of measurements during regular production. More precisely, it is equal to 90% of Amount 2, less the amount of the first installment received.
- The third and final installment, estimated at 10% of the total financial assistance allocated, is to be paid out once the final measurement report is submitted. More precisely, it is equal to 100% of Amount 3, less the amounts of the first two installments received.

If the amount of Installment 2 or 3 is negative, you have received an overpayment of financial assistance and you must pay it back.

5.3 Billing for financial assistance

To receive payment, you must submit an invoice to Hydro-Québec for each installment. Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless you do not do business as defined within those tax systems.

Invoices must include the following information:

- Supplier's business name (eligible customer receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction)

Under the Québec Taxation Act, Hydro-Québec must issue a tax slip called *Relevé 27 – Paiements du gouvernement* [government payments], as a record of financial assistance paid. The slip is issued in February of the year following payment.

6 Measuring Electricity Consumption and Production Volume

It is up to you to prove net electricity savings and actual production volume achieved. To this end, you must

- submit, along with your plant retrofit project proposal, a "**before**" and "**after**" measurement plan, according to the established method;
- install the equipment for measuring and monitoring consumption of electricity and any other form of energy involved, as well as measuring production for the project, as required by Hydro-Québec;
- take "**before**" and "**after**" measurements of consumption of electricity and any other form of energy involved, as well as production volume, following the protocols set out in the measurement plan approved by Hydro-Québec.

6.1 Monitoring period based on amount of financial assistance agreed upon

	Amount of financial assistance		
	≤ $5 million	**> $5 million and < $15 million**	**> $15 million**
Complete monitoring period	2 years	3 years	5 years

Main steps in monitoring

1. Define a project perimeter.
2. Determine baseline production based on production volumes for the last three years.
3. Take "**before**" measurements of consumption of electricity and any other form of energy involved, as set out in the measurement plan.
4. Adjust net "**before**" electricity consumption to correspond to baseline production.
5. Implement and start up the project, including an integrated system to monitor and measure consumption of electricity and any other form of energy, as well as production, as required by Hydro-Québec.
6. Measure "**after**" project and service contract consumption of electricity and any other form of energy involved, as set out in the measurement plan, over a 12-month period, once production has reached regular volume, within 36 months of signing the agreement.
7. Monitor the savings in service contract and project electricity consumption and any other form of energy involved, as well as production volume, as set out in the measurement plan, for the remainder of the measurement period, the length of which depends on the amount of financial assistance granted.

See Appendix III for details of measurement plan contents.

7 Deliverables and Steps in Program Process

Summary of deliverables

Step	Time limit	Description	Your deliverables
1 **Letter of intent**		**You** ■ Inform Hydro-Québec of intention to submit a project ■ Present project to Hydro-Québec **Hydro-Québec** ■ Confirms receipt of letter of intent	■ Letter of intent ■ Signed confidentiality and information-sharing agreement (see Appendix VI)
2 **Proposal**		**You** ■ Meet with Hydro-Québec in order to ensure that documents are eligible ■ Finalize plant retrofit project proposal form and project business plan ■ Formally present project to Hydro-Québec	■ Proposal form ■ Business plan, including measurement plan (see Appendix III)
3 **Preliminary acceptance of project**	**4 months**	**Hydro-Québec** ■ Confirms receipt of proposal and sets aside financial assistance once complete proposal is received ■ Reviews project; requests outside opinions, as needed ■ Accepts **"before"** measurement plan ■ Confirms preliminary acceptance or refusal of project	■ Additional information requested by Hydro-Québec
4 **"Before" measurements**		**You** ■ After receiving letter of preliminary acceptance from Hydro-Québec, issue purchase orders for equipment ■ Take **"before"** measurements	■ **"Before"** measurement report on consumption and production
5 **Final acceptance of project**	**2 months**	**Hydro-Québec** ■ Reviews project; requests outside opinions, as needed ■ Reviews **"before"** measurements ■ Confirms final acceptance or refusal of project	■ Model progress reports on actual investment expenses ■ Detailed accounting structure for project monitoring
6 **Agreement**	**3 months**	**Hydro-Québec** ■ Drafts agreement **You** ■ Sign agreement	■ Signed agreement
7 **First installment of financial assistance (30%)**	**60 days**	**Hydro-Québec** ■ Pays out Installment 1 of financial assistance: 30% of amount stipulated in agreement	■ Copies of equipment purchase orders amounting to at least Installment 1 ■ Invoice for Installment 1

Summary of deliverables (cont'd)

Step	Time limit	Description	Your deliverables
8 **Project implementation and equipment start-up**	**36 months** (agreement)	**You** ■ Perform work ■ Invite Hydro-Québec to project meetings ■ Start up equipment	■ Quarterly progress reports on work and costs ■ Minutes of project meetings ■ Audited report of actual investment expenses (for projects with contractual financial assistance of $5 million or less, a review engagement report is sufficient) ■ Final detailed report on project costs
9 **Measurements of first year of operation**	**12 months** (agreement)	**You** ■ Have Hydro-Québec approve preliminary measurements ■ In first year of regular production, measure project and plant electricity consumption, as well as project production, as set out in measurement plan approved by Hydro-Québec	■ Preliminary measurement report (1 month after start of measurements) ■ 12-month measurement report
10 **Second installment of financial assistance (60%)**	**60 days**	**Hydro-Québec** ■ Reviews customer's reports ■ Determines Amount 2 ■ Pays out Installment 2	■ Invoice for Installment 2
11 **Monitoring during operation**	**12–48 months** (see Section 6)	**Customer** ■ Monitor project and service contract electricity savings and project production volume annually	■ Annual measurement reports
12 **Third installment of financial assistance (10%)**		**Hydro-Québec** ■ Analyzes project and service contract electricity savings over period of time set out in measurement plan ■ Determines Amount 3 ■ Pays out Installment 3	■ Invoice for Installment 3
13 **End of project**		**You and Hydro-Québec** ■ Hold end-of-project meeting	

Steps in program process

The process of the Plant Retrofit Program – Major Customers is shown in the flowchart on the next page. The 13 steps in the process are listed below and explained in detail on the following pages.

Step 1 – Letter of intent

Step 2 – Proposal

Step 3 – Preliminary acceptance of project

Step 4 – **"Before"** measurements

Step 5 – Final acceptance of project

Step 6 – Agreement

Step 7 – First installment of financial assistance (30%)

Step 8 – Project implementation and equipment start-up

Step 9 – Measurements of first year of operation

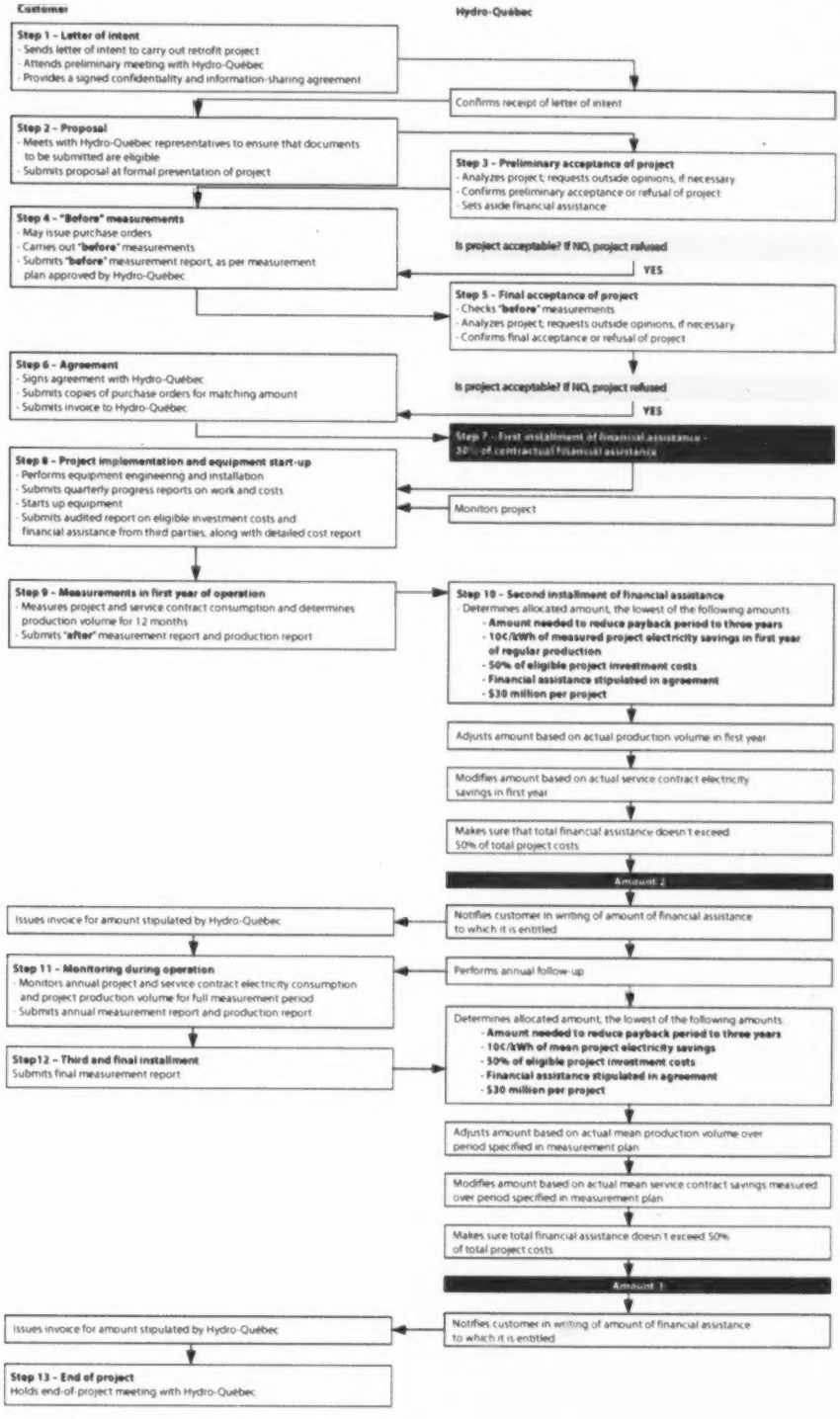
Step 10 – Second installment of financial assistance (60%)

Step 11 – Monitoring during operation

Step 12 – Third installment of financial assistance (10%)

Step 13 – End of project

Flowchart for Plant Retrofit Program – Major Customers


Customer
Hydro-Québec
Step 1 – Letter of intent
· Sends letter of intent to carry out retrofit project
· Attends preliminary meeting with Hydro-Québec
· Provides a signed confidentiality and information-sharing agreement
Confirms receipt of letter of intent
Step 2 – Proposal
· Meets with Hydro-Québec representatives to ensure that documents to be submitted are eligible
· Submits proposal at formal presentation of project
Step 3 – Preliminary acceptance of project
· Analyzes project; requests outside opinions, if necessary
· Confirms preliminary acceptance or refusal of project
· Sets aside financial assistance
Step 4 – "Before" measurements
· May issue purchase orders
· Carries out "before" measurements
· Submits "before" measurement report, as per measurement plan approved by Hydro-Québec
Is project acceptable? If NO, project refused
YES
Step 5 – Final acceptance of project
· Checks "before" measurements
· Analyzes project; requests outside opinions, if necessary
· Confirms final acceptance or refusal of project
Step 6 – Agreement
· Signs agreement with Hydro-Québec
· Submits copies of purchase orders for matching amount
· Submits invoice to Hydro-Québec
Is project acceptable? If NO, project refused
YES
Step 7 – First installment of financial assistance –
30% of contractual financial assistance
Step 8 – Project implementation and equipment start-up
· Performs equipment engineering and installation
· Submits quarterly progress reports on work and costs
· Starts up equipment
· Submits audited report on eligible investment costs and financial assistance from third parties, along with detailed cost report
Monitors project
Step 9 – Measurements in first year of operation
· Measures project and service contract consumption and determines production volume for 12 months
· Submits "after" measurement report and production report
Step 10 – Second installment of financial assistance
· Determines allocated amount, the lowest of the following amounts
· Amount needed to reduce payback period to three years
· 10¢/kWh of measured project electricity savings in first year of regular production
· 50% of eligible project investment costs
· Financial assistance stipulated in agreement
· $30 million per project
Adjusts amount based on actual production volume in first year
Modifies amount based on actual service contract electricity savings in first year
Makes sure that total financial assistance doesn't exceed 50% of total project costs
Amount 2
Issues invoice for amount stipulated by Hydro-Québec
Notifies customer in writing of amount of financial assistance to which it is entitled
Step 11 – Monitoring during operation
· Monitors annual project and service contract electricity consumption and project production volume for full measurement period
· Submits annual measurement report and production report
Performs annual follow-up
Step 12 – Third and final installment
Submits final measurement report
Determines allocated amount, the lowest of the following amounts
· Amount needed to reduce payback period to three years
· 10¢/kWh of mean project electricity savings
· 50% of eligible project investment costs
· Financial assistance stipulated in agreement
· $30 million per project
Adjusts amount based on actual mean production volume over period specified in measurement plan
Modifies amount based on actual mean service contract savings measured over period specified in measurement plan
Makes sure total financial assistance doesn't exceed 50% of total project costs
Amount 1
Issues invoice for amount stipulated by Hydro-Québec
Notifies customer in writing of amount of financial assistance to which it is entitled
Step 13 – End of project
Holds end-of-project meeting with Hydro-Québec

7.1 Step 1 – Letter of intent

You decide on a plant retrofit project and assess the possibilities of cutting overall service contract electricity consumption.

You send Hydro-Québec a letter of intent concerning your retrofit project, along with a signed confidentiality and information-sharing agreement. See Appendix V for a sample letter of intent. See Appendix VI for the confidentiality and information-sharing agreement.

Hydro-Québec will send you written confirmation of receipt of your letter of intent and the confidentiality and information-sharing agreement and, at the same time, provide the names of the engineer in charge of the technical review of your project and the consultant doing the financial analysis of your proposal. You may contact these designated Hydro-Québec representatives for any matters related to your project.

You will then be asked to present your project at a preliminary meeting.

7.2 Step 2 – Proposal

Before submitting your project proposal form and project business plan as per Appendix IV, your management team must meet with Hydro-Québec representatives to formally present your project and ensure that the documents you plan to submit are eligible.

An electronic version of the proposal form and the attachments listed below can be downloaded from **www.hydroquebec.com/majorcustomers/ee**. Under our corporate directive on the *Charter of the French Language*, you must fill out the French version of the form. A courtesy translation is provided.

- Attachment 1 – Summary of investment expenses
- Attachment 2 – Summary of project cash flows before and after start-up, for use in calculating payback period
- Attachment 3 – Calculation of payback period and financial assistance in relation to payback period (Criterion 1)
- Attachment 4 – Calculation of Amount 1

If it deems the submitted documents to be incomplete, Hydro-Québec may refuse the proposal.

On receiving your complete proposal, Hydro-Québec sets aside the financial assistance.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Plant Retrofit Program – Major Customers
Efficacité énergétique et expertise technique
Direction – Grandes entreprises
Hydro-Québec
C. P. 10000, succ. Desjardins
2, complexe Desjardins, tour Est, 18e étage
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec sends written confirmation of receipt of the proposal.

7.3 Step 3 – Preliminary acceptance of project

Hydro-Québec performs a preliminary review of the proposal and approves the "**before**" measurement plan. If necessary, it will have the project analyzed by outside experts bound by confidentiality agreements in order to obtain opinions on its technical, economic, financial and business aspects.

You will be notified of the preliminary acceptance or rejection of your proposal within about four months of submitting a complete proposal to Hydro-Québec.

7.4 Step 4 – "Before" measurements

After receiving the letter of preliminary acceptance from Hydro-Québec, you can issue purchase orders for your plant retrofit project. You must also carry out "**before**" measurements.

Once the measurements have been taken, you must submit a report on project and service contract "**before**" electricity consumption, as well as production volume, using the methods set out in the measurement plan approved by Hydro-Québec.

7.5 Step 5 – Final acceptance of project

Hydro-Québec performs the final review of the project in light of the "**before**" measurements of consumption and production and the anticipated impacts on service contract electricity savings. If necessary, it will have the project analyzed by outside experts bound by confidentiality agreements in order to obtain opinions on its technical, economic, financial and business aspects.

At this stage, you must also submit model progress reports on actual investment expenses and the detailed accounting structure for project monitoring.

Hydro-Québec agrees or refuses to grant financial assistance for the project.

Hydro-Québec determines Amount 1 according to the Program criteria (see Appendix II), and the amount is stipulated in the agreement.

7.6 Step 6 – Agreement

If your project is accepted, you must sign an agreement with Hydro-Québec substantially similar to the agreement given in Appendix VII.

You must complete the plant retrofit project, including the 12-month "**after**" measurement period, within 48 months of signing the agreement.

7.7 Step 7 – First installment of financial assistance (30%)

The first installment, amounting to 30% of the contractual financial assistance allocated (Amount 1, see Appendix II), is to be paid out once you've signed the agreement, provided that the value of equipment purchase orders sent to suppliers is equal to the amount of the first installment.

To receive payment, you must provide Hydro-Québec with copies of purchase orders issued and an invoice for 30% of the financial assistance granted. Hydro-Québec will issue payment within approximately 60 days of receiving the invoice and any other documents required.

7.8 Step 8 – Project implementation and equipment start-up

You must carry out the retrofit project and start up the equipment within 36 months of signing the agreement.

You must give Hydro-Québec advance notice of the times and agendas of project meetings and forward the minutes of such meetings. The Hydro-Québec engineer and consultant or any other designated representative may attend project meetings.

The Hydro-Québec engineer may visit your plant at any time during regular business hours to ensure that the project is being carried out as stipulated in the agreement and according to the Program.

You must submit the following to Hydro-Québec:

- Quarterly progress reports on work and costs
- Within three months of project start-up, an audited report on actual investment expenses, distinguishing between eligible and ineligible expenses, and financial assistance for the project from sources other than Hydro-Québec, along with a detailed report on costs. For projects with contractual financial assistance of $5 million or less, a review engagement report is sufficient.

7.9 Step 9 – Measurements of first year of operation

Once the project has achieved regular production volume, you conduct the project and service contract measurements as set out in the measurement plan approved by Hydro-Québec, over 12 consecutive months and in two phases:

- A preliminary data series is obtained and submitted to the Hydro-Québec engineer for comment 30 days after measurement has begun. You must adjust your measurement method in response to the opinion of the Hydro-Québec engineer.
- All measurements are completed.

The Hydro-Québec engineer may be present during measuring and, if necessary, make sure that the method and instruments used, as well as the parameters measured and operating and load cycles, are consistent with those defined in your measurement plan.

Within two months of completing the measurements, you must provide Hydro-Québec with the following reports:

- **"After"** measurement report confirming the actual project and service contract electricity savings over a 12-month period, supported by readings, required calculations and electricity bills
- Production report confirming the annual production volume achieved, supported by required calculations and relevant production readings

If you fail to provide the required reports on time, Hydro-Québec may cancel the financial assistance granted and require repayment of any financial assistance you have already received.

7.10 Step 10 – Second installment of financial assistance (60%)

The second installment is to be paid out at the end of the first year of measurement of regular production. It amounts to 90% of Amount 2 (see Appendix II), less Installment 1.

If Installment 2 is negative, you have received an overpayment of financial assistance and you must pay it back.

Hydro-Québec will inform you in writing of the amount of financial assistance to which you are entitled. To receive the second installment, you must issue an invoice for the amount stipulated by Hydro-Québec.

Payment will be issued within approximately 60 days of receipt of all the required documents.

7.11 Step 11 – Monitoring during operation

After receiving the second installment, you must submit a report on project and service contract electricity consumption, as well as a report on project production volume to Hydro-Québec, each year for the full measurement period. The reports must be supported by production readings.

7.12 Step 12 – Third installment of financial assistance (10%)

A third and final installment is to be paid out after the filing of the final measurement report. It amounts to 100% of Amount 3 (see Appendix II), less the amount of the first and second installments.

If Installment 3 is negative, you have received an overpayment of financial assistance and you must pay it back.

Hydro-Québec will inform you in writing of the balance of financial assistance to which you are entitled. To receive the final installment, you must issue an invoice for the amount stipulated by Hydro-Québec.

Payment will be issued within approximately 60 days of receipt of all the required documents.

7.13 Step 13 – End of project

Representatives from your company and Hydro-Québec hold an end-of-project meeting.

In the case of a generation or cogeneration project, you must continue to measure production for 10 full years. Hydro-Québec may audit the project at any time during that period. It wishes to ensure that the electricity generated is used to reduce the service contract electricity consumption covered by the project.

Appendix I — Calculating Financial Assistance Based on Payback Period (Criterion 1) and Investment Expenses (Criteria 1 and 2)

Calculating Financial Assistance Based on Payback Period (Criterion 1)

The payback period is the time that it takes before cumulative eligible project cash flows are equal to eligible investment expenses, less any other associated subsidies and less project cash flows before full implementation of the project.

A project is eligible for financial assistance if its payback period is greater than three years.

The following formula represents the payback period:

$$\text{payback period} = y - 1 + \left[\frac{C_0 - (\text{cumulative project cash flow})_{y-1}}{(\text{annual project cash flow})_y}\right]$$

where

y = Number of years it takes after full project implementation before cumulative eligible project cash flow is greater than or equal to project cost in year 0 (C_0)

C_0 = Project cost in $\text{year}_0 = I_{net} - \text{flow}_0$

I_{net} = Total eligible investment expenses, less investment subsidies from sources other than Hydro-Québec

flow_0 = Project cash flow before full implementation

Criterion 1 of the financial assistance calculation, the amount needed to reduce the project's overall payback period to three years, is determined using this formula:

$$\text{assistance} = C_0 - [\text{cumulative project cash flow}]_{3\ \text{years}}$$

Example of calculation of payback period and financial assistance based on payback period (Criterion 1)

Let's look at a project with eligible investment (I_{net}) of $40 million and eligible cash flow before implementation (flow_0) of –$2 million and with cash flow for the five years of operation shown in the table below.

The project cost in year 0 (C_0) is calculated as follows:

$$C_0 = I_{net} - \text{flow}_0 = \$40\ \text{million} - (-\$2\ \text{million}) = \$42\ \text{million}$$

$M	year 0	year 1	year 2	year 3	year 4	year 5
I_{net}	40					
$flow_0$	-2					
C_0	42					
annual project cash flow		7.6	8.9	9.1	9.4	12.4
cumulative project cash		7.6	16.5	25.6	35	47.4

Project cash flow

The project payback period is thus calculated as follows:

$$\text{payback period} = y - 1 + \left[\frac{C_0 - (\text{cumulative project cash})_{y-1}}{(\text{annual project cash flow})_y}\right]$$

where

y = 5 years, $y - 1$ = 4 years

C_0 = $42 million

$(\text{cumulative project cash flow})_{4\ \text{years}}$ = $35 million

$(\text{annual project cash flow})_{5\ \text{years}}$ = $12.4 million

$$\text{payback period} = 5\ \text{years} - 1\ \text{year} + \left[\frac{\$42\ \text{million} - \$35\ \text{million}}{\$12.4\ \text{million}}\right] = 4.6\ \text{years}$$

In this example, Criterion 1 of the financial assistance calculation is thus

financial assistance = C_0 – $[\text{cumulative project cash flow}]_{3\ \text{years}}$

financial assistance = $42 million – $25.6 million = $16.4 million

All forecast amounts must be expressed in constant dollars.

Investment expenses

Eligible investment expenses

- Costs of preliminary design or engineering studies for the project done in the 24 months leading up to the submission to Hydro-Québec of a complete proposal for a plant retrofit project
- Costs of purchasing equipment from a third party, including equipment required to measure electricity consumption and production
- Costs of building renovations or construction required for the project
- Purchase of patents, licences and technologies
- Costs of engineering, managing and overseeing work
- Costs of equipment installation and start-up
- Costs of preoperational testing
- Costs of hiring and training staff
- Costs of measuring electricity consumption and production before and after equipment installation
- Costs of equipment transportation and customs
- Difference in purchase cost between ultraefficient equipment and standard equipment used in the industry, when replacing a piece of equipment with an ultraefficient model for maintenance reasons
- Strictly lump-sum costs of developing or parameterizing software

Ineligible investment expenses

- Any investment expenses other than those related to preliminary design and engineering studies for which purchase orders were issued before the date of preliminary acceptance by Hydro-Québec
- Loss of material and other damages during production testing
- Borrowing costs capitalized until equipment start-up
- Interest on late payments
- Investments in maintenance or repair tools
- Investments in vehicles and rolling stock
- Costs of spare equipment or parts to be kept in stock for maintenance or repairs
- Costs of perishable supplies
- In-house production labor costs
- Past or unrecoverable costs
- Refundable taxes
- Costs of equipment purchased from affiliates, divisions or plants of your own company

Hydro-Québec may refuse any costs that it deems inappropriate under the Program.

Appendix I

Project cash flow

project cash flow = eligible income – eligible expenditures + project electricity cost savings

Only new or additional cash flows arising directly from the project will be considered in the calculation (marginal approach). They are considered net of refundable taxes.

Eligible income

- Sales
- Third-party, intercompany or intracompany transfers of products and/or by-products assessed at market prices
- Financial assistance for operations
- Other relevant income

Eligible expenditures

- Raw materials
- Direct and indirect labor
- Overhead, such as maintenance and repairs, fuel, miscellaneous supplies and other relevant expenses

Ineligible expenditures

- Amortization
- Financial charges
- Income taxes
- Refundable taxes
- Capital distributions and dividends
- Production losses

Project electricity cost savings

Project electricity cost savings are equal to project electricity savings multiplied by the mean annual actual or anticipated base Rate L (energy and power), taking into account known rate increases.

See Appendix II for more details on how the first installment (Amount 1), second installment (Amount 2) and third installment (Amount 3) are calculated.

Appendix II Data Used to Calculate Financial Assistance Amounts 1, 2 and 3

Appendix II

For each installment, the amount allocated must be calculated based on the financial assistance criteria, and is equal to the lowest of the following amounts:

1. Amount needed to reduce the overall payback period to three years
2. 50% of eligible investment expenses for the project
3. 10¢ per kilowatthour of project electricity savings (yearly average), calculated for a full year of operation
4. $30 million per project
5. Amount of financial assistance stipulated in the agreement (for Amount 2 and Amount 3)

The table below shows the data used to calculate financial assistance amounts 1, 2 and 3.

	Amount 1	**Amount 2**	**Amount 3**
Investments ($)	Project investment expenses, less anticipated amount of other grants	Project investment expenses, less actual amount of other grants	Same as Amount 2
Project electricity savings (kWh/year)	Anticipated annual project electricity savings	Project electricity savings, measured in first year of regular production	Mean project electricity savings, measured over period covered by measurement plan
Electricity rate ($)	Anticipated mean base Rate L (energy and power) for each year of project operation, taking known rate increases into account	Actual mean base Rate L (energy and power) for first year and anticipated rate for other years of project operation, taking known rate increases into account	Actual mean base Rate L (energy and power) for each year of measurement and anticipated rate for subsequent years, taking known rate increases into account
Project electricity cost savings ($/year)	Anticipated annual project electricity savings multiplied by rate described above	Project electricity savings measured in first year of regular production, multiplied by rate described above	Mean measured project electricity savings, multiplied by rate described above
Project income ($/year)	Income set out in contract	Same as Amount 1	Same as Amount 1
Other expenditures ($/year)	Expenditures set out in agreement	Same as Amount 1	Same as Amount 1

Adjustment and modification of financial assistance

At the time of the second and third installments, the financial assistance is adjusted and modified based on the production volume achieved and actual service contract electricity savings achieved, using the data in the table below.

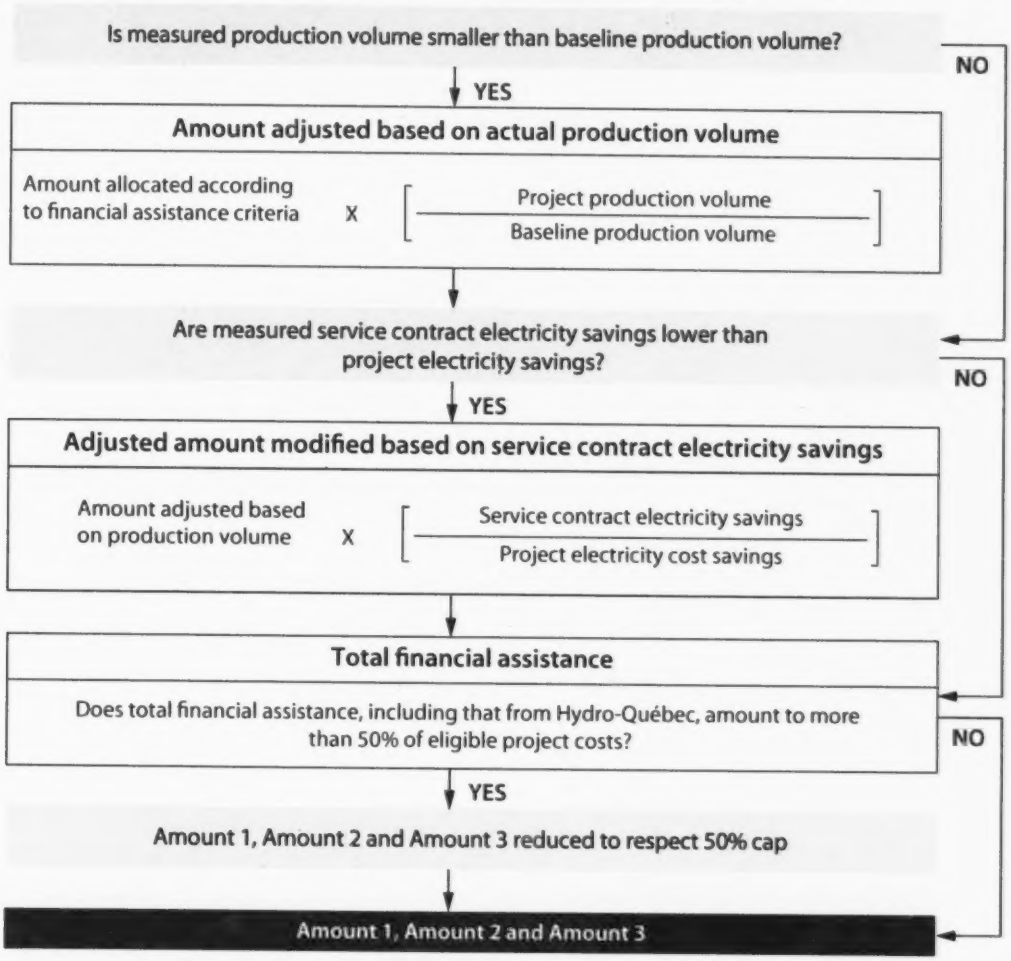
	Amount 1	Amount 2	Amount 3
Project production volume (units/year)	N/A	Production volume, measured in first year of regular production	Mean actual production volume, measured over period covered by measurement plan
Service contract electricity savings (kWh/year)	N/A	Annual service contract electricity savings, measured in first year of regular production, based on electricity bill	Annual service contract electricity savings, measured over period covered by measurement plan, based on electricity bill

Total financial assistance

At the time of each installment, total financial assistance, including that from Hydro-Québec, shall not amount to more than 50% of total project costs. Should the financial assistance add up to more than 50%, Hydro-Québec will reduce its financial assistance so that the total financial assistance you receive does not exceed 50% of total project costs.

	Amount 1	Amount 2	Amount 3
Total financial assistance, including that from Hydro-Québec	Total financial assistance set out in agreement	Total actual financial assistance	Same as Amount 2
Total project costs (eligible and ineligible)	Total anticipated costs	Total actual costs	Same as Amount 2

Amount allocated according to financial assistance criteria


Is measured production volume smaller than baseline production volume?
NO
YES
Amount adjusted based on actual production volume
Amount allocated according to financial assistance criteria
X
Project production volume
Baseline production volume
Are measured service contract electricity savings lower than project electricity savings?
NO
YES
Adjusted amount modified based on service contract electricity savings
Amount adjusted based on production volume
X
Service contract electricity savings
Project electricity cost savings
Total financial assistance
Does total financial assistance, including that from Hydro-Québec, amount to more than 50% of eligible project costs?
NO
YES
Amount 1, Amount 2 and Amount 3 reduced to respect 50% cap
Amount 1, Amount 2 and Amount 3

Appendix III Measurement Plan and Reports

Appendix III

You are responsible for preparing and submitting the measurement plan and reports required under the Program. However, their contents shall be determined in conjunction with the Hydro-Québec engineer.

Generally speaking, a measurement plan or report will contain the sections described below.

Summary

A summary may be included only in the "**before**" and "**after**" measurement reports. It is an abstract of the report and results.

Introduction

The introduction states the purpose of the plan or report.

Reference documents

List reference documents used that are too big to be attached.

Project description

Provide a brief but thorough description of the project.

Project perimeter

The project perimeter shall be established as follows:

- All equipment or processes affected by the project must be within the perimeter.
- The savings of electricity and any other form of energy involved by equipment or processes within the project perimeter must be measurable in isolation.
- Production resulting from equipment or processes within the project perimeter must also be measurable in isolation.

All the energy sources that supply equipment or processes within the project perimeter must be identified.

All the production inputs and outputs of equipment or processes within the project perimeter must also be identified.

Forms of energy used in plant

Provide a breakdown of the various forms of energy (electricity, steam, compressed air, oil, natural gas and biomass) used in the plant for the last three years, including their main points of use.

Impacts of project on other forms of energy used in plant

Determine whether the plant retrofit project will have an impact on the other forms of energy used and whether electricity will be replaced by another form of energy. Describe how such a replacement will affect electricity savings and how it will be taken into account.

Impacts of project on production

Define how the project will affect plant production.

Baseline production

Define the baseline production that will be used to adjust financial assistance. Baseline production volume for the project is the mean production volume of equipment or processes within the project perimeter over the last three years.

Estimating electricity savings

Explain the method(s) used to estimate electricity savings in the project business plan.

Energy impacts of independent projects

As described in Section 4, the effect of independent projects on service contract electricity consumption must be taken into account.

Explain how the influence of such projects will be assessed and how the measurement of service contract electricity consumption will be adjusted.

Measurement method

Describe how "**before**" and "**after**" measurements will be taken. The following information must be included, at a minimum:

- Parameters to be measured
- Instruments to be used to measure parameters
- Electrical diagrams, as well as process and instrumentation diagrams (P&IDs) showing instrument locations

- Technical data sheets of instruments
- Calibration sheets of instruments

Data processing

Describe how data will be processed to determine electricity savings and how savings will be adjusted depending on production volume and service contract consumption. Describe the full process, including the following, at a minimum:

- Calculation theories and methods
- Calculation tools, such as tables, nomograms and software
- Sample calculation
- References to applicable codes, standards, guides and manuals

Presenting results

For the measurement plan, explain how results will be presented.

For the measurement reports, present results.

Measurement timetable

Provide a measurement timetable. It should be coordinated with the project timetable.

Measurement officer

Name of company or manager in charge of measurements and analyses, reports and documentation.

Attachments

All documents related to the measurement plan and reports must be attached, including these:

- Drawings and diagrams
- Project timetables
- Equipment technical data sheets and measuring instrument calibration sheets
- Production data for the last three years
- Material and production flows before and after project implementation
- Any other information the Hydro-Québec engineer deems necessary

Presenting plans and reports

The measurement plan and reports must be submitted as bound documents. They must consist of the following sections, at the minimum:

- Cover page with the document title, Program project number, your company name, project title, your project number, document identification number, document revision number, date, and the writers' names and signatures; at least one of those signing must be a member of the Ordre des Ingénieurs du Québec
- Document revision sheet
- Detailed table of contents
- Text with each page numbered and identified with the document number and revision number
- Appendices with each page numbered and identified with the document number and revision number; all appendices must be clearly identified with separators
- Pockets for any documents that cannot be bound

Appendix IV Project Business Plan

Appendix IV

The project business plan submitted to Hydro-Québec must contain the sections and information listed below, at a minimum, and be submitted as bound documents.

Items marked with an asterisk (*) are not required for projects receiving financial assistance of $5 million or less.

For projects over $5 million, all the items marked with an asterisk must be submitted to Hydro-Québec in Excel format in addition to hard copy.

Project summary

- Project description with summary timetable
- Official project document, approved following company procedure
- Key risks of project
- Main Program financial data (in thousands of dollars)
  - Total project costs
  - Eligible investment expenses
  - Project payback period without Hydro-Québec grant
  - Hydro-Québec grant calculated using attachments 1 to 4 of project proposal form (download Excel files from **www.hydroquebec.com/majorcustomers/ee**)
  - Explanation of project's main differential cash flows
- Explanation of origin of project electricity savings, in gigawatthours

Technical analysis

Project description

- Description of processes and technologies
- Process and instrumentation diagrams (P&IDs)
- Control architecture
- Detailed description of scope of work by activity and batch, sufficiently detailed for an estimate accurate to within 10%
- General layout plans

Total project cost estimate (eligible and ineligible investment expenses)

- Detailed estimate of investment expenses, both direct and indirect, by activity, work batch and field, accurate to within 10%
- Annual breakdown of project investments
- Attachment 1 of project proposal form (summary of investment expenses)

Appendix IV

Timetable

- Detailed project timetable, showing all activities and all batches

Project organization

- Project organization chart, including those in charge
- Project performance and monitoring processes

Measurement plan

- Measurement plan as described in Appendix III

Financial and economic analysis

Project cash flows

- Attachments 2 to 4 of the project proposal form (download Excel files from **www.hydroquebec.com/majorcustomers/ee**)
- Eligible income and expenditures, excluding project electricity savings:
  - Explain the composition (in thousands of dollars) of each heading in Attachment 2 of the project proposal form for each year of project cash flow
  - Each item described above must be explained on a separate page, including, for sales, raw materials, direct and indirect labor for each of year of project cash flow covered by the financial analysis, the following information:
    - Unit of measure
    - Quantity before project, quantity after project, difference
    - Original currency of transaction
    - Price in currency per unit of measure, specifying price before and after, and any difference
    - Exchange rate and conversion to Canadian dollars
    - Source of each of assumption and supporting documents (price and quantity)
  - For the other headings of Attachment 2, provide the same information as above, where applicable
  - Explain variations in each income and expenditure item
  - For projects having a impact on labor, supply an undertaking that the project will not lead to any layoffs

- Project electricity savings for each of year of project cash flow
  - Net electricity consumption **before** and **after** project, and project electricity savings
  - Quantitative and qualitative explanation of electricity savings for each year (by product or input, for example)

  Hydro-Québec will send you the base Rate L to use for each year

- Main economic parameters
  - Reference years for forecasts
  - Inflation rate for each income and expense category
  - Exchange rate
  - Source of each assumption and supporting documents
  - Other

Table of subsidies and other financial assistance

- Type of contribution
- Name of organization
- Amount (in thousands of dollars)
- Copies of all agreements signed or being negotiated

Analysis of your financial situation*

- Your analysis
- Your company's unconsolidated and consolidated audited financial statements for the three years prior to submitting the project
- Budgeted financial statements
- Other financial statements Hydro-Québec deems necessary

Project's legal structure and sources of funding

- Project's legal structure – Company that owns project assets (must be Hydro-Québec customer carrying out Project)
- Legal structure of group to which your company belongs, of entities in which your company holds shares and of other related entities*
- Explanation of sources of project funding other than Hydro-Québec*

Note: In addition to hard copies (printed documents), you must submit all analyses you conduct for your business plan as Excel files.

Appendix IV

Project risk analysis*

- Qualitative and quantitative analyses of project, including sensitivity analysis

Analyses of project's cost-effectiveness using recognized techniques*

- Project's net present value (NPV)
- Internal rate of return (IRR)
- Other analyses

Market study (market conditions, competition, products and supply)*

Note: In addition to hard copies (printed documents), you must submit all analyses you conduct for your business plan as Excel files.

Appendix V ■ Sample Letter of Intent

Date

Hydro-Québec
Attention: Martine Ouellet
Manager – Energy Efficiency – Major Customers and
Sales – Mines, Metallurgy and Manufacturing
Direction – Grandes entreprises
Hydro-Québec
18e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Subject: Intention to carry out a _____ project under the Plant Retrofit Program – Major Customers

[Company name] intends to carry out a plant retrofit project [description] at [plant name].

Based on preliminary estimates, the project requires an investment of $[amount] million and could reduce annual consumption as shown on our electricity bill by [number] GWh.

The payback period of the project is expected to be [number] years. This is based on estimated mean annual project income of $[amount] million, estimated mean annual operating expenses—not counting the cost of electricity—of $[amount] million and a reduction in our electricity bill of $[amount] million.

We plan to begin work on this retrofit project in [month year] and commence start-up in [month year].

We intend to submit a proposal under the Plant Retrofit Program – Major Customers on [date].

Yours truly,

[name of project manager]

Appendix VI Confidentiality and Information-Sharing Agreement

CONFIDENTIALITY AND INFORMATION-SHARING AGREEMENT

Important note
Under our corporate directive on the Charter of the French Language, *the French version of this agreement must be signed.*

By and between

_____, a duly constituted corporation having its principal place of business at _____ and represented for the purposes of this agreement by _____ duly authorized, as he (she) so declares,

hereinafter "the Customer,"

and

HYDRO-QUÉBEC, a government corporation established under the *Hydro-Québec Act* (R.S.Q., c. H-5), having a place of business at 18e étage, 2, complexe Desjardins, tour Est, C. P. 10000, Montréal (Québec) H5B 1H7, and represented for the purposes of this agreement by Martine Ouellet, Manager – Energy Efficiency – Major Customers and Sales – Mines, Metallurgy and Manufacturing, duly authorized, as she so declares,

hereinafter "Hydro-Québec."

WHEREAS _____ plans to submit to Hydro-Québec _____ project at the _____ plant (hereinafter the "Project") under Hydro-Québec's Plant Retrofit Program (hereinafter the "Program"),

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. CONFIDENTIAL INFORMATION

The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, but not limited to, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, financial statements and studies (hereinafter "confidential information")—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:

(a) The Customer's name, the Project cost, the amounts of financial assistance granted, the technology used in the Project described in general terms, and actual or estimated electricity savings;

(b) Any information that was in the public domain at the time it was disclosed;

(c) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec's;

(d) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;

(e) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.

2. DISCLOSURE

Any disclosure to the public or to a third party of confidential information shall be the subject of a written agreement between Hydro-Québec and the Customer. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position. Furthermore, the Customer authorizes Hydro-Québec to disclose any information in its possession to third parties assisting it for the Program, provided that such third parties are bound by a confidentiality agreement.

3. LAW

Notwithstanding Section 2 of this agreement, Hydro-Québec may disclose confidential information if it is so required by law or pursuant to a ruling of a court or other body having jurisdiction in such a matter.

4. RÉGIE DE L'ÉNERGIE

Notwithstanding any other provision of the Program, Hydro-Québec may forward to the Régie de l'énergie any confidential information it requires in the exercise of its jurisdiction, including the nature of the project, changes to products covered by the Project and any project measurement data. Hydro-Québec undertakes to inform the Customer of any request for information concerning it, so that the Customer can make any submission it deems appropriate to the Régie de l'énergie.

5. INFORMATION SHARING

The Customer authorizes Hydro-Québec to share with Investissement Québec, the Ministère des Ressources naturelles et de la Faune, the Ministère du Développement économique, de l'Innovation et de l'Exportation and any other government departments involved in the Project any commercial or financial information, data or confidential information, as well as any analysis or study relating to the Project or the Customer.

6. AUTHORIZATION

The Customer authorizes Investissement Québec, the Ministère des Ressources naturelles et de la Faune, the Ministère du Développement économique, de l'Innovation et de l'Exportation and any other governments departments involved in the Project to disclose to Hydro-Québec any commercial or financial information, data or confidential information, as well as any analysis or study relating to the Project or the Customer in the Customer's file.

IN WITNESS WHEREOF, THE PARTIES, HAVING READ AND ACCEPTED THIS AGREEMENT AND THE CLAUSES HEREIN CONTAINED, HAVE THEREFORE DULY SIGNED:

Important note

Under our corporate directive on the Charter of the French Language, *the French version of this Agreement must be signed.*

Appendix VII Standard Agreement

PLANT RETROFIT AGREEMENT – MAJOR CUSTOMERS

The English version of this standard agreement is provided for information purposes only. In all cases, the original French version shall prevail.

By and between

[name], a corporation duly incorporated under the *Canada Business Corporations Act* [R.S.C. (1985), c. C-44], having a place of business at [address] and represented for the purposes hereof by [name], [title],

hereinafter "the Customer,"

and

HYDRO-QUÉBEC, a government corporation established under the *Hydro-Québec Act* (R.S.Q., c. H-5), having its head office at 75, boul. René-Lévesque Ouest, Montréal (Québec) H2Z 1A4, represented for the purposes hereof by Bruno Gingras, Vice-President – Customer Services,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1 DEFINITIONS

1.1 **Definitions in this agreement.** Unless the context indicates otherwise, the following words and expressions, when used in this agreement and its schedules or any other document associated herewith, shall have the meanings given here:

(a) **"Service contract"** means the electricity service contract under which the Customer's electricity is metered and billed.

(b) **"Financial assistance"** means the financial assistance paid by Hydro-Québec under this agreement.

(c) **"Other financial assistance"** means any subsidy, investment in the form of share capital, loan, loan guarantee or any other financial contribution by government or paragovernmental departments or agencies, whether federal, provincial or municipal, excluding that of Hydro-Québec under this agreement.

(d) **"Agreement"** means this agreement and its schedules. "Hereof," "herein," "hereunder," "hereby" and other similar expressions shall refer to this agreement in general and not to any particular section, subsection or paragraph.

(e) **"Guide"** means the Hydro-Québec *Plant Retrofit Program – Major Customers – Participant's Guide* dated September 2008.

(f) **"Program"** means Hydro-Québec's Plant Retrofit Program.

(g) **"Project"** means the Customer's project under the Program and covered by this agreement, as described in Schedule 3.

(h) **"Independent project"**: Two projects are independent when they do not take place within the same perimeter and they can be optimally implemented and run independently of one another.

1.2 **Definitions in the Guide.** Unless the context indicates otherwise, all the words or expressions defined in the Guide shall have the same meaning as in this agreement, its schedules or any other document associated herewith.

SECTION 2 SUBJECT OF AGREEMENT

Under the Plant Retrofit Program and as described in the amended version of the *Participant's Guide* dated September 2008, Hydro-Québec agrees to grant financial assistance to the Customer so that it may carry out its electricity management Project. The Project bears the number [number] and is identified by the title [title].

SECTION 3 CUSTOMER'S UNDERTAKINGS

3.1 **Project description.** The Customer agrees to carry out the following Project:
[description of project]

3.2 **Electricity savings.** The Customer declares that the mean overall service contract electricity savings resulting from the Project will be [number] GWh per year between 200X and 20XX, as set out in Schedule 3 hereto.

3.3 **Investments.** For the purposes of the Project, the Customer shall demonstrate to Hydro-Québec that it will incur eligible expenses in the amount of $[amount], calculated in accordance with the Guide.

3.4 **Eligible income and expenditures.** For the purposes of the Project, the Customer shall demonstrate to Hydro-Québec that its anticipated eligible annual income and expenditures are as calculated in accordance with the Guide and presented in Schedule 3.

3.5 **Total anticipated costs.** For the purposes of the Project, the Customer shall demonstrate to Hydro-Québec that the total anticipated Project costs amount to $[amount].

3.6 **Production volume.** Project electricity consumption shall be based on the following baseline production volume: [baseline production volume]

3.7 **Results.** The Customer is responsible for choosing electricity management measures and assessing electricity savings objectives, and for electricity savings actually realized.

3.8 **Measurements.** The Customer shall measure Project electricity consumption throughout the term of the agreement and demonstrate to Hydro-Québec that the required measuring instruments have been installed, as per Schedule 5. The Customer shall also measure the perimeter of any independent project that may have an impact exceeding [number] GWh on overall electricity consumption. In such case, the Customer shall assess the savings to be achieved by the independent project and, before the project is carried out, shall submit a "before" measurement plan and report to Hydro-Québec for approval.

3.9 **Other financial assistance.** The Customer declares that it has received, in addition to the financial assistance covered by this agreement, the other financial assistance specified in Schedule 3. The Customer undertakes to inform Hydro-Québec of any additional financial assistance obtained or applied for with respect to the Project, as well as any change in the amount of other financial assistance obtained.

3.9.1 **Project financing.** The Customer confirms that the Project is financed as described in Schedule 4, and according to signed agreements for financial assistance and to a signed letter of confirmation from banks attached thereto. The Customer agrees to inform Hydro-Québec of any change in project financing.

3.10 **Customer's contribution.** Hydro-Québec's financial assistance and other financial assistance may not amount to more than 50% of total Project costs, otherwise Hydro-Québec shall reduce its financial assistance installments to keep the proportion at 50%.

3.11 **Timetable.** The Customer agrees to respect the timetable set out in Schedule 9.

3.12 **Documents.** The documents listed below must be submitted to Hydro-Québec throughout Project implementation following the format and requirements stipulated in Schedule 8 hereof:

(a) The audited unconsolidated financial statements of [Name] on an annual basis within six (6) months of the end of the fiscal year;

(b) Quarterly progress reports on work and costs;

(c) Cumulative annual reports and an audited final report of total Project costs and other financial assistance in a format agreeable to Hydro-Québec and to the auditors of [Name];

(d) One-month measurement report;

(e) Twelve-month measurement report;

(f) Annual production reports;

(g) Annual Project and service contract consumption reports.

3.13 **Guide.** The Customer declares that it is aware of all the obligations, conditions, requirements, terms and conditions, and mentions in the Guide and agrees to abide by them.

3.14 **Inspections.** The Customer agrees that Hydro-Québec may, during regular business hours, on at least twenty-four (24) hours' notice, inspect equipment installation, start-up and the taking of measurements before and after Project implementation, as well as anything else covered by the agreement, in order to ensure that the Project is being carried out in accordance herewith.

3.15 **Use of financial assistance.** The Customer undertakes to use all sums paid by Hydro-Québec solely to carry out the Project and to pay back to Hydro-Québec any sums received and not used to this end. The Customer acknowledges Hydro-Québec's right to verify the use of any amount paid out hereunder.

3.16 **Accounting.** The Customer agrees to make contracts, invoices, audited and unaudited financial statements, books and ledgers of account, tax information and other supporting documents related in whole or in part to the Project or to operations of the plant where the Project is taking place or has taken place available to Hydro-Québec or anyone designated by Hydro-Québec during regular business hours, on at least twenty-four (24) hours' notice, for three (3) years after the end of the agreement.

3.17 **Publicity and advertising.** The Customer agrees to mention in any media releases, publicity or advertising concerning the Project that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.

3.18 **Failure to pay.** Hydro-Québec may deduct from any installment of the financial assistance any amount owing to it, including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Project.

SECTION 4 HYDRO-QUÉBEC'S UNDERTAKINGS

4.1 **Amount 1.** Hydro-Québec agrees to pay financial assistance Amount 1 of $[amount] to the Customer in three (3) installments, subject to the revisions provided for in this agreement. At no time shall Hydro-Québec's financial assistance exceed this amount. In addition, as per the Guide, Hydro-Québec may reduce or cancel any financial assistance installment.

4.2 **Calculating financial assistance.** Hydro-Québec shall calculate the financial assistance as set out in the Guide.

4.3 **Invoice.** Payment of any or all of the financial assistance shall be conditional on the Customer's submitting to Hydro-Québec a detailed invoice as per the Guide.

4.4 **First installment**

(a) **Amount.** The scheduled amount of the first installment is $[amount].

(b) **Timing.** The first installment shall be paid out no later than six (6) months after Hydro-Québec's receipt of equipment purchase orders issued by the Customer to its suppliers and constituting eligible investment expenses as per the Guide, totaling an amount greater than or equal to the scheduled amount of the first installment.

4.5 **Purchase orders.** Hydro-Québec shall be under no obligation to issue the first installment of financial assistance if the amount of the purchase orders is less than the scheduled amount of the first installment.

4.6 **Second installment**

(a) **Amount 2.** Once the Customer has submitted its audited report of total Project costs and other financial assistance, its "after" measurement report covering a normal production period of twelve (12) consecutive months as per subsections 3.11 and 3.12 and its production report, Hydro-Québec shall calculate Amount 2.

(b) **Amount.** The second installment is equal to 90% of Amount 2, less the amount of the first installment.

(c) **Timing.** The second installment shall be paid out no later than six (6) months after Hydro-Québec's receipt of all the required paperwork.

4.7 **Third installment**

(a) **Amount 3.** Once the Customer has submitted its final measurement report to Hydro-Québec and its production reports as per subsections 3.11 and 3.12, Hydro-Québec shall calculate Amount 3.

(b) **Amount.** The third installment is equal to 100% of Amount 3, less the amount of the first and second installments.

(c) **Timing.** The third installment shall be paid out no later than six (6) months after Hydro-Québec's receipt of all the required paperwork.

4.8 **Noncompliance.** For any of the installments, should any of the documents or information that the Customer provides to Hydro-Québec as per Section 4 or subsection 3.9 or 3.10 fail to comply with this agreement or the Guide, Hydro-Québec shall inform the Customer in writing of the areas of noncompliance. Payment shall then be suspended until the Customer has remedied all areas of noncompliance and for another two (2) months so that Hydro-Québec may perform any checks required. Should the Customer fail to remedy any area of noncompliance mentioned in the notice within sixty (60) days, Hydro-Québec may invoke the provisions of subsection 8.2.

4.9 **Repayment.** When the result of the calculation mentioned in paragraph 4.6(b) or 4.7(b) is a negative amount, the Customer shall repay that amount to Hydro-Québec within thirty (30) days of receipt of a written notice from Hydro-Québec to this effect. The Customer acknowledges that Amount 2 or 3 may be equal to zero, in which case all the financial assistance paid by Hydro-Québec shall be repaid under the conditions set out in this subsection.

4.10 **Calculating revisions.** When Hydro-Québec revises the financial assistance as per Section 4, it shall reapply the criteria stated in the Guide, based on the documents and information provided by the Customer as per this agreement.

SECTION 5 CONFIDENTIALITY

5.1 **Confidential information.** The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, but not limited to, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, financial statements and studies—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:

(a) The Customer's name, the Project cost, the amounts of financial assistance granted, the technology used in the Project, described in general terms, or actual or estimated electricity savings;

(b) Any information that was in the public domain at the time it was disclosed;

(c) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec's;

(d) Any information that Hydro-Québec had in its possession before it was disclosed;

(e) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.

5.2 **Disclosure.** Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position. Furthermore, the Customer hereby authorizes Hydro-Québec to disclose any information in its possession to third parties assisting it for the purposes of the agreement, provided that such third parties are bound by a confidentiality agreement.

5.3 **Law.** Notwithstanding subsection 5.2, Hydro-Québec may disclose confidential information if it is so required by law or pursuant to a ruling of a court or other body having jurisdiction in such a matter.

5.4 **Régie de l'énergie.** Notwithstanding any other provision, Hydro-Québec may forward to the Régie de l'énergie any information required in the exercise of its jurisdiction, including the nature of the Project, changes to products covered by the Project and any Project or service contract measurement data.

5.5 **Information sharing.** The Customer hereby authorizes Hydro-Québec to share with Investissement Québec, the Ministère des Ressources naturelles et de la Faune, the Ministère du Développement économique, de l'Innovation et de l'Exportation and any other government departments involved in the Project any commercial or financial information, data or confidential information, as well as any analysis or study relating to the Project or the Customer.

5.6 **Authorization.** The Customer hereby authorizes Investissement Québec, the Ministère des Ressources naturelles et de la Faune, the Ministère du Développement économique, de l'Innovation et de l'Exportation and any other government departments involved in the Project to disclose to Hydro-Québec any commercial and financial information, data and confidential information, as well as any analysis or study relating to the Project or the Customer in the Customer's file.

SECTION 6 TAX IMPLICATIONS

6.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.

6.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip, as required by the Québec *Taxation Act*, as a record of financial assistance paid.

SECTION 7 ASSIGNMENT

7.1 **Assignment prohibited.** This agreement shall not be assigned, sold or transferred, in whole or in part, without the written consent of Hydro-Québec.

7.2 **Assignment of receivables.** The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

SECTION 8 TERMINATION AND CANCELLATION

8.1 **Cancellation.** Hydro-Québec may cancel this agreement upon simple written notice and cancel any future installment of financial assistance, in any of the following situations:

(a) The Customer fails to fulfill any of its commitments or obligations hereunder;

(b) The Customer becomes insolvent, declares bankruptcy or disposes of its property;

(c) The plant where the Project is being carried out or was carried out closes or substantially curtails its activities.

8.2 **Termination.** Should the Customer be in default of any of its obligations under subsections 3.8, 3.11, 3.12, 3.14, 3.16, 7.1 or 7.2 , subject to Subsection 4.8, Hydro-Québec may immediately terminate the agreement and cancel any installment of financial assistance, either future or past, and the Customer shall repay to Hydro-Québec any financial assistance received and thus cancelled within thirty (30) days of receiving written notice from Hydro-Québec to this effect.

SECTION 9 INDEMNIFICATION AND LIABILITY

9.1 **Liability.** The Customer agrees to discharge Hydro-Québec, its administrators, directors, employees, agents, officers and other representatives of any liability for any damage of any kind whatsoever that may arise or flow from this agreement or the cancellation thereof.

9.2 **Indemnification.** The Customer agrees to hold Hydro-Québec, its administrators, directors, employees, agents, officers and other representatives harmless from and against any damage or loss that they may suffer, as well as any claim, proceeding or action against them arising from any act or omission by the Customer in connection with this agreement or the cancellation thereof.

9.3 **Defense.** The Customer further agrees to take up the defense, at its own expense, of Hydro-Québec, its administrators, directors, employees, agents, officers and other representatives in any claim, proceeding or action against them arising from this agreement.

SECTION 10 COMMUNICATIONS, NOTICES AND INVOICES

10.1 Any communication, notice or invoice pursuant to this agreement shall be made in writing and delivered in person or by fax, mail or e-mail, addressed as follows:

To Hydro-Québec

To the attention of Ms. Martine Ouellet
Manager – Energy Efficiency – Major Customers/Sales – Mining, Metallurgy and Manufacturing
Direction – Grandes entreprises
Hydro-Québec
2, complexe Desjardins, tour Est, 18e étage
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Telephone: 514 879-4100, ext. 4183
Fax: 514 879-4187
E-mail: ouellet.martine@hydro.qc.ca

To the Customer

To the attention of _____

Title _____

Address _____

_____

_____

_____

_____

10.2 **Project manager.** The Customer's representative named in subsection 10.1 shall be Hydro-Québec's direct contact for matters pertaining to the agreement and shall only be replaced, if necessary, by a full-time employee of the Customer.

SECTION 11 AGREEMENT DOCUMENTS

The following schedules are an integral part of this agreement.

Schedule 1. *Participant's Guide*
Schedule 2. Customer's Letter of Intent
Schedule 3. Customer's Project Proposal Form (and attachments)
Schedule 4. Project Financing
Schedule 5. "Before" and "After" Measurement Plans
Schedule 6. "Before" Measurement Report
Schedule 7. Letter of Final Acceptance of Project from Hydro-Québec
Schedule 8. Minimum Requirements
Schedule 9. Timetable
Schedule 10. Project Business Plan

SECTION 12 AMENDMENTS

No change or amendment to the agreement shall take effect until it has been put in writing and duly signed by both parties and appended hereto.

SECTION 13 INTERPRETATION

13.1 **Headings and subheadings.** The use of headings and subheadings of sections, subsections and paragraphs herein and the use of italics for certain words is solely for the convenience of readers and shall not serve to interpret this agreement.

13.2 **Priority.** In case of any contradiction between the agreement and the Guide, the agreement shall prevail.

13.3 **No waiver.** A party's failure to exercise any right hereunder shall not be interpreted as a waiver of such right.

SECTION 14 APPLICABLE LAWS AND COMPETENT COURT

The agreement shall be governed by the laws and regulations applicable in Québec. The parties agree that any legal claim or proceedings on any grounds whatsoever pursuant to this agreement shall be brought in the judicial district of Montréal, Province of Québec, Canada, rather than any other judicial district that might have legal jurisdiction in such a dispute.

SECTION 15 TERM

The agreement shall take effect on the date it is signed by the last party to do so and shall terminate after the fulfillment of all the obligations of the parties stipulated herein.

IN WITNESS WHEREOF, THE PARTIES, HAVING READ AND ACCEPTED THIS AGREEMENT AND THE CLAUSES HEREIN CONTAINED, HAVE THEREFORE DULY SIGNED:

Important note
Under our corporate directive on the Charter of the French Language, *the French version of this agreement must be signed.*

Project: _____

SCHEDULE 1

Participant's Guide

Sample Participant Guide

Project: _____

SCHEDULE 2

Customer's Letter of Intent

Sample Agreement

Project: _____

SCHEDULE 3

Customer's Project Proposal Form

Project: _____

SCHEDULE 4

Project Financing

Sample Agreement

Project: _____

SCHEDULE 5

"Before" and "After" Measurement Plan

Project: _____

SCHEDULE 6

"Before" Measurement Report

Project: _____

SCHEDULE 7

Letter of Final Acceptance of Project from Hydro-Québec

Project: _____

SCHEDULE 8

Minimum Requirements

Project: _____

SCHEDULE 9

Timetable

Project: _____

SCHEDULE 10

Project Business Plan

Project: _____

ENERGY WISE Plant Retrofit Program – Major Customers
Project Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Plant Retrofit Program – Major Customers must therefore complete the project proposal form [*Formulaire de proposition de projet*] in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from **www.hydroquebec.com/majorcustomers/ee**, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name — Title
Telephone — Fax — E-mail
Company name
Address — Municipality — Postal code
Applicant's signature — **Date**
The applicant must have company signing authority.

2. Project site

Plant name — HQ account no.
(Site of biggest investment)

Secondary project sites, if any
Plant name — HQ account no.
Address of industrial site of project — Municipality — Postal code
Plant name — HQ account no.
Address of industrial site of project — Municipality — Postal code

3. Contacts

Project manager
Name — Title
Telephone — Fax — E-mail
Address — Municipality — Postal code
Financial contact
Name — Title
Telephone — Fax — E-mail
Address — Municipality — Postal code

4. Industry in which plant is active

Pulp & paper — Mining — Chemicals/Petrochemicals — Food
Iron & steel, smelting & refining — Metallurgy — Manufacturing — Other

5. Description of project

Project title
Brief description of project *(Use as much room as necessary)*

Mean overall service contract electricity savings resulting from project estimated to be [ ] GWh.
Planned project start date
Planned project end date

6. Document checklist

The following documents **must** be submitted with this proposal.

- **Project business plan, as per Appendix IV, *Participant's Guide***
- **Attachments 1–4 of project proposal as Excel files (can be downloaded from www.hydroquebec.com/majorcustomers/ee):**
  1. **Attachment 1 – Summary of investment expenses**
  2. **Attachment 2 – Summary of project cash flows before and after start-up, for use in calculating payback period**
  3. **Attachment 3 – Calculation of payback period and financial assistance in relation to payback period (Criterion 1)**
  4. **Attachment 4 – Calculation of Amount 1**

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Forging solutions together

www.hydroquebec.com/majorcustomers/ee

Hydro-Québec
Produced by *Direction principale – Communications*
for *Direction – Grandes entreprises*

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Telephone: 1 866 373-6306

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Hydro Québec

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